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SOCIAL DEVELOPMENT, INCLUDING QUESTIONS RELATING TO THE WORLD SOCIAL SITUATION AND TO YOUTH, AGEING, DISABLED PERSONS AND THE FAMILY

Status and role of cooperatives in the light of new economic and social trends

Report of the Secretary-General

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I. INTRODUCTION

1. The present report has been prepared pursuant to General Assembly resolution 49/155 of 23 December 1994 on the role of cooperatives in the light of new economic and social trends, in cooperation with members of the Committee for the Promotion and Advancement of Cooperatives (COPAC). 1/

II. COOPERATIVES AND ENTREPRENEURIAL DEVELOPMENT

2. An important contribution of the cooperative movement continues to be its capacity for promoting and supporting entrepreneurial development in forms compatible with the principles and objectives of the World Summit for Social Development, held at Copenhagen from 6 to 12 March 1995 which, inter alia, call for governmental support to cooperative enterprise as a means to create productive employment, reduce poverty and enhance social integration. 2/ These instruments, and more comprehensively, the Beijing Platform for Action, specifically call for support for women's use of cooperative enterprise as a means of economic empowerment. 3/

A. Means for entrepreneurial start-up, particularly by disadvantaged individuals and communities

3. The cooperative form of organizing a business enterprise assures any group of individuals an effective means to combine their resources, however small. It permits a larger resource mobilization than that within the capacity of most individuals and small enterprises. It is a catalyst for local entrepreneurial growth; cooperatives retain within the communities in which they operate the capital that they mobilize there, as well as surplus derived from outside transactions, both accumulating for further entrepreneurial development. As direct beneficiaries, cooperative members have a strong incentive for efficient operation and continuous innovation in response to changing business environments, achieving thereby high rates of both initial success and long-term viability. They favour long-term development of their enterprise compatible with the interests of the communities in which it operates. The stability they assure within local communities itself induces further entrepreneurial expansion.

4. This type of enterprise is particularly appropriate for persons who have no other vehicle for economic progress. Even the poorest and most disadvantaged women have found cooperatives an effective means for economic empowerment; for example, the Self-Employed Women's Associations (SEWA) in India have adopted them as the most effective form of entrepreneurial organization. In New York City, the Cooperative Home Care Associates was formed in 1985 mainly by young minority women who were single parents and welfare recipients. Through intensive training and commitment to their first means of dignified employment their cooperative succeeded; by 1995, 300 worker-members provided home-care services to the elderly and disabled and had income and benefits better than any in the industry. The model is being replicated in cities throughout the eastern and central United States of America.

B. Means to establish community-based private enterprise in response to privatization

5. Because they are user-owned and community-responsive, cooperative enterprises are acknowledged increasingly by Governments, especially local authorities, as means whereby citizens can assure themselves appropriate and affordable housing, utilities, infrastructure, health and social services. Consequently, they are transferring responsibilities to cooperatives. This promotes large numbers of small enterprises, which tend to be labour-intensive and to integrate as members beneficiaries, providers and other interested parties, thereby supporting local social cohesion.

6. In the health sector, for example, a number of Governments have already established partnerships. In Costa Rica, the Social Security Bureau began in 1988 to contract cooperatives of health providers to take over and expand public health services. In Malaysia, the Government has transferred part of the public health services to a comprehensive cooperative system, comprising a national network of doctors' cooperatives financed by cooperative banks, delivering services to members of the cooperative movement, with health insurance provided by the Malaysian Cooperative Insurance Society.

C. Capacity for development into self-sustaining large-scale business groupings and mutually supportive networks

7. The organizational characteristics of cooperative business enterprises strongly favour capital accumulation and reinvestment, organizational expansion and diversification and formation of operational alliances within the same region. This permits the combination of large-scale operations with worker- or consumer-control.

8. In Brazil, for example, the National Confederation of Health-care Cooperatives (Unimed do Brasil) has grown from a single cooperative set up in 1967 to a business complex now comprising 304 provider-owned health cooperatives, many owning hospitals, organized in 17 State-level networks, and a national holding company that owns subsidiaries in insurance and provides bulk purchasing and common services for members' hospitals and clinics; data management and communications; and training, research and development. The complex also includes complementary nationwide systems of credit unions and user-owned health cooperatives.

9. In such ways, cooperative business complexes continue to aggregate economic power sufficiently to compete successfully in the global economy. They are able to assure the viability of the numerous independent enterprises they supply, or whose output they process and market. Through their aggregate economic weight and lobbying capacity they are able to break monopolies and ensure fair treatment for consumers, producers and employees.

D. Capacity for promoting and supporting its own entrepreneurial development

10. Few cooperative enterprises have to start up and operate for any period in isolation. Increasingly, they are able to benefit from membership within a broad movement equipped to promote new entrepreneurial initiatives. In addition to cooperative financial institutions, numerous forms of support are available.

1. Cooperative sector business development organizations

11. In many countries, national cooperative organizations have set up enterprise development institutions. In the United States of America, for example, the National Cooperative Business Association, in 1996, set up the CLUSA Institute for Cooperative Development, responsible for increasing the capacity of cooperatives to provide concrete solutions to contemporary problems and to act as a catalyst for the replication of successful cooperative development models within the country and elsewhere.

2. Cooperative human resources development

12. Most enterprises and organizations attach high priority to training. National movements have specialized training institutions, some at the university level. Human resources development is a major component of technical assistance programmes operated within the cooperative movement. This has been particularly valuable in promoting new cooperative enterprise in economies in transition, given the scarcity of business experience and training; for example, in 1994, the International Institute in Israel organized a seminar, conducted in Russian, on the organization and management of cooperatives in a market economy. The Global Human Resource Development Committee of the International Cooperative Alliance (ICA) supports programmes throughout the world, as does the International Labour Organization (ILO) through its COOPNET programme. Access to such experienced institutions gives cooperative enterprise, particularly in disadvantaged communities, significant advantages over other types of enterprise.

3. Movement-to-movement technical assistance

13. In addition to training, all forms of business assistance, managerial guidance, equipment and credit are provided by national cooperative movements to others in need. Most specialized bodies of ICA, and ICA itself through its Development Programme, together with independent regional cooperative organizations in Latin America, support cooperative entrepreneurial development. The Coop Network for Cooperative Development in Eastern and Central Europe, set up in 1993, included by the end of 1994 54 national and international cooperative development institutions.

14. An example of how individual resourcefulness, made possible by the adoption of a cooperative form of enterprise, when combined with cooperative sector support, is capable of transforming the lives of the least privileged members of

society is that of the worker-owned waste recycling cooperative in Buccaramanga, Colombia. This was formed in 1986 with capital equivalent to less than US$ 70 by marginalized women and men who made precarious livings from picking saleable waste from the municipal dump. They set up a cooperative which, once founded, was helped by business advisers and auditors provided by the Colombian Cooperative Association (Asociación Colombiana de Cooperativas (ASCOOP). The Canadian Cooperative Association provided credit and skilled technical assistance and channelled support from community organizations in Canada. Today, the cooperative combines the operation of its recycling plant with a contract to clean the city's streets and operate a restaurant at the bus terminal. There are 130 members; the cooperative owns two trucks, the buildings in which its recycling machinery operates and a day-care centre for 60 of its members' children. Members receive average monthly pay equivalent to between US$ 350 and $420.

4. International cooperative-to-cooperative trade

15. Cooperative enterprises in developing countries have access to cooperative international business networks and trade assistance programmes whose goal is to promote their exports and assure them fair returns. For example, since 1984, Cooperative Business International has promoted trade and investment between cooperatives in the United States and those in developing countries, primarily India, Indonesia and the Philippines. Between 1984 and 1994, it generated more than US$ 150 million in sales and 6,000 jobs. In 1991, it established the American Cooperative Enterprise Center in the Czech Republic.

16. The International Cooperative Alliance, through its regional offices and its specialized bodies, promotes inter-cooperative trade. Its annual Regional Conference of the Americas, held in 1995 in Miami, United States, was used as an opportunity to foster strategic alliances between cooperative businesses within the region. The International Consumer Cooperatives Organization, a specialized body of ICA, issued a message to its members on the occasion of Consumer Day, 15 March 1996, which emphasized solidarity through "fair trade" programmes. This approach, already commercially successful, is of considerable significance, given the high proportions of households in Europe that are members of consumer-owned wholesale and retail cooperative enterprises. ILO supports this movement through its Interregional Programme for Commercial Exchanges among Cooperatives (INTERCOOP).

5. Channelling governmental and intergovernmental assistance

17. Cooperatively structured community enterprises are an effective organizational means whereby grass-roots initiative and both public and private funds can be combined in order to revitalize disadvantaged communities without creating dependency. In December 1994, for the first time, the European Union granted the ICA European Regional Office funds for the promotion of new cooperative enterprises, cross-border business between cooperatives and transfer of know-how to cooperatives in central and eastern Europe.

18. A total of 27 Governments channel technical assistance through ICA. The long-established and continuing cooperative development programmes of ILO, the Food and Agriculture Organization of the United Nations (FAO) and the United Nations Centre for Human Settlements (Habitat) and other United Nations bodies and intergovernmental organizations, collaborate closely with cooperative development institutions. The Committee for the Promotion and Advancement of Cooperatives harmonizes the programmes of the United Nations, ILO and FAO with those of ICA, the International Federation of Agricultural Producers (IFAP), the World Council of Credit Unions (WOCCU) and the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers Associations (IUF).

E. Means for improving the viability of independent small- and medium-scale enterprises

19. This type of enterprise derives important benefits from membership in purchasing, common service and marketing cooperatives. In rural areas, they can withstand competition from private for-profit agro-business, and survive unfavourable market conditions, only because they combine their purchasing and marketing power by means of cooperative organization. This has enabled the continued existence of a viable family and community-based rural economy in many countries. Cooperatives are also highly significant for such enterprises in urban sectors, ensuring their survival in an extremely competitive market. For example, in the United States, almost all independent hardware retailers are members of cooperative wholesalers - two, Cutter & Co. (True-Value) and Ace Hardware, being included in the 1994 "Fortune 500" list, with annual revenues in 1994 of US$ 2.6 billion and $2.3 billion, respectively.

F. Means of providing an entrepreneurial mode whereby other people's organizations are better able to achieve their goals

20. Many new cooperative enterprises are sponsored and initially supported by broad people's movements such as farmers' organizations, other self-employed associations, trade unions, women's organizations and associations formed by the elderly, immigrants or minorities. They perceive this form of enterprise as a particularly effective means of providing their members an organized economic base. In Israel, for example, members of the national trade union organization, Histadrut, which includes 85 per cent of wage-earners, are simultaneously owners and members of a parallel system of cooperative business enterprises active in most economic sectors; in aggregate, they account for 25 per cent of the gross national product.

G. Benefits to society of the entrepreneurial dynamism of the cooperative sector

21. The cooperatively organized segment of the private business sector contributes to the public good in a number of ways. It ensures that there exists an alternative form of economic organization, available to both producers

and consumers, and to both enterprises and households, which assures many of the benefits but avoids most of the costs of both the public sector and that part of the private sector whose business goals must conform to the criteria of maximizing profit. It also ensures a means whereby the associations of civil society can furnish themselves with an empowering and enabling economic base.

22. Cooperative enterprises must maintain financial viability: their success in this is proved by their leading status in many sectors. However, their business goals attach as much importance to maintaining stable employment, producing only goods and services that are appropriate and safe, and supporting long-term sustainability in the communities in which they operate. Financial surplus is only a means whereby such broader goals may be achieved.

23. Where market fluctuations threaten to put small- and medium-scale enterprises out of business, cooperative enterprises provide the means of empowerment and protection. They strengthen rural societies' capacity to protect both themselves and their natural environments. They afford consumers the means to withstand and eventually overcome monopolies. They offer those marginalized by larger economic processes opportunities for protection, empowerment and equitable reintegration.

III. COOPERATIVES AND THE FINANCING OF ENTERPRISES

24. A major factor contributing to the economic success of the cooperative movement has been the establishment of its own financial sector. Controlling their own affordable and relevant financial services, cooperative enterprises ensure that capital within the cooperative sector is utilized only to foster the goals of component enterprises and their individual members; most is continuously reinvested. Moreover, a high proportion of new cooperative enterprises can only obtain capital from financial institutions in their own movement. The significance of cooperative financial enterprise for sustainable entrepreneurial development is acknowledged in the Copenhagen, Beijing and Istanbul strategies. 4/

A. Savings and credit cooperatives (credit unions)

25. Savings and credit cooperatives, or credit unions, continued to mobilize local savings and provide credit to members, thereby encouraging thrift and entrepreneurial activity. When first started, credit unions use relatively unsophisticated administrative practices, so that costs are very small and most interest income from loans may either be distributed to the members or reinvested in the credit union within a capitalization programme. Consequently, they can be set up in poor communities, where access to means of secure savings and to credit at non-exploitive terms is of the greatest importance. These enable the poor to avoid permanent indebtedness.

26. At the end of 1994, member organizations of the World Council of Credit Unions in 87 countries comprised 37,078 credit unions and 88 million members. In United States dollars, total savings amounted to 378 billion, loans to 418 billion, reserves to 14 billion and assets to 419 billion. Percentages of

the working age population who are members of credit unions are already considerable: 100 in Dominica, to between 30 and 49 in five countries (including 44 in Ireland and 36 in the United States); between 10 and 29 in 16 other countries (including 30 in Quebec and 22 in other parts of Canada; 21 in Australia and 13 in France). In addition, savings and credit cooperatives belonging to the Raiffeisen movement are of major importance in Austria, Germany and Switzerland.

27. Credit unions are of particular importance to women, allowing them to manage their own financial affairs and to obtain credit for their own entrepreneurial ventures, and serving as a base from which women's status in the local community can be questioned and changed. Women make up high proportions of membership in some national movements; at the end of 1992, these were high in Lesotho (87 per cent), and were between 50 and 61 per cent in Montserrat, Costa Rica, Seychelles, the Philippines, Japan and Sri Lanka. The credit union movement has taken energetic measures during the past decade to help members overcome discrimination against women.

28. The mission of WOCCU is to assist members to organize, expand and improve credit unions as effective instruments for people's economic and social development. During 1995, it provided technical assistance to credit unions in 44 developing and transitional countries, assisting new credit union movements in Belarus, China, the Czech Republic, Latvia, Lithuania, Poland, the Russian Federation and Ukraine. Initial work is being undertaken in the former Yugoslav Republic of Macedonia, Romania and Uzbekistan. In China, the Agricultural Bank of China is encouraging the independence of rural credit cooperatives, which operate under its control; there is considerable interest in their transformation into credit unions.

B. Cooperative banks

29. Cooperative banks are organizations of and for people, not capital. Their central objectives are to improve the economic position of members, whether individuals or enterprises, denied access to other banking institutions owing to their inability to offer sufficiently sound collateral; to facilitate the continual recycling of cooperative capital into cooperative enterprise; and to attract and manage capital obtained from outside the cooperative sector for use by individual cooperatives.

30. The dimensions already reached by cooperative banks are considerable. In Europe, in 1991, they had a membership of 33 million, a total clientele of 60 million, combined assets of ECU 1,100 billion, total deposits of ECU 800 billion, loans of ECU 700 billion and a staff of 400,000. Their share of the savings market was about 17 per cent. In 1994, the market share they held reached 34.3 per cent in Finland, 31.9 in France, 30.5 in Austria, 25.0 in the Netherlands and 19.6 in Germany. Many cooperative banks are the principal financial institutions of the rural sector and have major national standing. In the United States of America, the cooperative Farm Credit System services more than 500,000 farm and utilities borrowers. In 1993, it loaned US$ 54 billion to its members, 25 per cent of all loans to agriculture. In many developing countries as well, cooperative banks play the same key role. They channel

external funds to individual cooperative enterprises without creating dependency.

31. Cooperative banks of such large dimensions often originated as small local enterprises in capital-scarce communities. They have a similar role today, and are particularly valuable for women. For example, their membership in the SEWA Bank in India has enabled 60,000 of the poorest and least privileged women in the Ahmedabad region of Gujerat to create during the past decade assets now worth the equivalent of US$ 6.6 million.

32. The combination of a local community base with national aggregate financial strength contributes to regional economic balance. For example, the Swiss Raiffeisen banking system, the sixth largest system in the country, whose base consists of individual community-owned banks covering most rural areas, has a management policy that emphasizes the use of customer deposits within the economic area of origin, strengthening the economic independence of local communities, and thereby community cohesiveness, vitality and self-confidence. Cooperative banks also play an important role in reducing oligopolistic market situations.

33. Cooperative banks base their commercial success partly on recycling capital for sustainable cooperative entrepreneurial expansion, and partly on their ability to attract customers through their combination of efficiency with ethical principles. They combine business viability with belief that commercial organizations should contribute positively to the communities in which they operate. For example, the Co-operative Bank in the United Kingdom of Great Britain and Northern Ireland adopted an "ethical policy" in 1992, extended in 1994, after extensive consultation with its member customers. The policy stated, among other things, that the Bank would not conduct business with any regime or organization offending against human rights, manufacturing or selling weapons to oppressive regimes or manufacturing tobacco products. It would encourage environmental responsibility among its business customers and would support "fair trade". In 1995, the Bank announced funding of a one million pound sterling National Centre for Business and Ecology at Salford University, Manchester, which would advise small- and medium-sized enterprises on environmental matters.

34. Established cooperative banks promote and support new banking enterprises. For example, the Rabobank Foundation in the Netherlands supports a project managed by the ICA regional office which promotes "bottom-up" cooperative banking systems through pilot projects in the United Republic of Tanzania, with emphasis on women's financial needs. The Latin American Confederation of Credit Unions (COLAC) in Panama has developed the first phase of a regionally integrated cooperative financial sector. The International Cooperative Banking Association promotes cooperation and exchange of information among members, supports new cooperative banks and undertakes research into subjects of common interest. It works for the formation of regional committees in eastern Europe, North Africa and Western Asia, areas with weak international cooperative institutions in this as in other sectors.

C. Cooperative insurance enterprises

35. Affordable and appropriate insurance against risk is essential both for individual financial security and for entrepreneurial success. It protects firms from the impact of events that may damage their viability, and protects individuals and communities from falling into conditions of poverty. This is an area in which cooperative enterprise plays a role of central importance, but one not yet sufficiently acknowledged and supported by the intergovernmental community.

36. Because households and enterprises are inadequately insured by public sector programmes and cannot afford products offered by private for-profit insurers, many have combined, often through their cooperative organizations, in some cases in combination with trade unions, to set up cooperative or mutual self-help insurance enterprises. In 1994, 26 million families in Europe were insured by them. Their combined market share was 8 per cent. In the United States, 50 million persons were beneficiaries of policies issued by cooperative insurance enterprises. In most developed market economies, cooperative insurance enterprises have for several decades played a central role in the maintenance of a viable family- and community-based rural economy. In Japan, the national agricultural and fisheries cooperative organizations, which serve almost all producers, have set up their own specialist insurance subsidiaries. One was, in 1995, the second largest insurance firm in the world, with assets of US$ 24 billion.

37. Cooperative insurance enterprises are particularly responsive to the needs of their member customers. For example, the Folksam Group, among others in Sweden, has designed new insurance products to meet the distinct needs of women. They are particularly proactive in the reduction of risk and undertake or fund research into sources of risk to individuals and enterprises. They support preventive health programmes and "healthy living", and have alliances with health and social care cooperatives. Moreover, they take a holistic and long-term approach to the economic situation of their customer-owners, helping them to foresee and adjust to changing circumstances.

38. There is a high level of mutual support among national insurance enterprises. This allows newer and smaller cooperative insurers to enter or remain viable within highly competitive markets, and thereby meet needs unlikely to be met by either investor-controlled or public insurance sectors. Cooperative insurers in Japan and Singapore have supported the establishment of similar enterprises in China and Viet Nam.

39. The International Cooperative and Mutual Insurance Federation (ICMIF), a specialized body of ICA, supports business structures and technical assistance among 72 members in 50 countries. Its reinsurance service facilitates support for smaller enterprises: for example, the Bolivian Cooperativa de Seguros Crucena Ltda is provided with reinsurance jointly by cooperative insurers in Belgium, Denmark, Italy, Sweden, the United Kingdom and the United States. Through its capital support facility - Allnations Inc. - based in the United States, ICMIF facilitates development assistance and investment opportunities. A new Insurance Intelligence Network identifies gaps in knowledge, promotes and supervises research and disseminates findings.

40. Cooperative enterprises in the insurance sector are able to make unique contributions only because of their special characteristics, which differentiate them from those whose business goals are to maximize investor profits. However, these are insufficiently acknowledged in legislation and administrative practice, which, except in France and the Philippines, are applied without distinction to all insurers, including cooperative enterprises for whom their regulatory criteria may be inappropriate. In particular, minimum guarantee capital requirements are usually set on the basis of international standards and the "top end" of the market and often exceed considerably the value of premiums underwritten by a cooperative enterprise, given that these relate to the needs of members and, although critical to large numbers of persons, are modest in aggregate.

IV. COOPERATIVES AND SOCIAL SERVICES

A. Health and social care

41. This is an area of considerable entrepreneurial innovation and growth within the cooperative movement. Health insurance is already offered by 19 of the 72 cooperative insurance enterprises that are members of ICMIF. User-owned health cooperatives in 14 countries (of which 10 are in developing regions) provide a combination of insurance, service delivery and pharmacy services - with a strong emphasis on preventive health - to about 39 million members and their dependants. In Europe, 30 million persons are owner-members of cooperative pharmacies, which have an aggregate market share of 10 per cent.

42. Other user-owned types of cooperatives make large contributions to health and social well-being. Retail cooperatives improve nutrition and operate pharmacies; housing, community development, utilities, sanitation and cleaning cooperatives assure a healthy environment; cooperative financial institutions help households allocate adequate funds to healthy living, especially to shelter; media cooperatives diffuse information on nutrition and health. Many cooperative enterprises give special attention to occupational health and the reduction of environmental hazards in the communities in which they operate.

43. About 13 million persons in 20 countries (of which 12 are in developing regions) have contracts with health cooperatives owned and operated by doctors and dentists. In Brazil, one third of all doctors are members of the National Confederation of Health-care Cooperatives (Unimed do Brasil). Many health and social care facilities, both cooperative and others, combine to form their own purchasing, common service and marketing cooperatives. Labour-contracting and service cooperatives owned by workers contribute to the effective operation of health and social care facilities in such areas as ambulance operation, catering, data processing and accounting. Worker-owned production cooperatives supply special equipment.

44. Health cooperatives often extend their emphasis on prevention and healthy living to provision of social services, with special emphasis on the elderly and persons with disabilities. In many countries, autonomous social care cooperatives also exist, often owned jointly by users, providers and interested parties, such as local governments. They provide such services as home care,

residential institution operation and special workplaces for persons with disabilities.

45. In Colombia, Italy, Japan and Malaysia, alliances between cooperative insurers, health cooperatives, cooperative pharmacies and major cooperative organizations, acting on behalf of their members, are initial steps towards setting up a comprehensive cooperative health sector. In Brazil the provider-owned system promotes user-owned health cooperatives. Some Governments have long worked in partnership with health cooperatives, notably, in India, Japan and Sri Lanka. New partnerships are under way in Benin, Costa Rica and Malaysia. Interest is being shown at national and local levels elsewhere, notably, in Brazil, Canada, Sweden and the United Kingdom.

46. At the international level, regional meetings of health cooperatives took place in Sri Lanka in 1994 and Brazil in 1995, and global meetings took place in Japan in 1992 and the United Kingdom in 1995. Substantial progress has been made towards setting up an international health cooperative organization as a specialist body of ICA. ICMIF recently established a health group within its Insurance Intelligence Network.

47. Intergovernmental bodies are showing interest in the potential offered by cooperative enterprises; the European Union has collaborated with the European Committee of Workers' Cooperatives (CECOP); ILO has begun the pilot phase of a comprehensive programme for the promotion of social services through social economy institutions, including cooperatives; the World Health Organization (WHO) has collaborated with ICA in exploring ways of reducing the risk of HIV infection by promoting women's fish marketing cooperatives in Zambia; the United Nations Development Programme (UNDP) and the World Bank support health cooperatives in Benin; the United Nations Educational, Scientific and Cultural Organization (UNESCO) has supported a disabled persons cooperative in El Salvador; and in May 1996, the United Nations completed a global review of cooperative engagement in health and social care.

B. Housing

48. Housing cooperatives are microcosms of the desirable neighbourhoods and communities whose establishment and protection have been strongly recommended in recent international conferences. In his statement to Habitat II, the President of ICA Housing pointed out that housing cooperatives had long and successfully addressed the problems the Conference examined. Democracy, equity and social responsibility, identified as goals for Habitat II, had been core values of the housing cooperative movement since its inception. Consequently, Governments were more likely to find inspiration in the housing cooperative model than in any other option for satisfying needs for shelter.

49. The model offered by the housing cooperative movement is particularly significant given its wide dimensions and sustained success in almost all types of human settlement. For example, those living in cooperative housing numbered 500,000 individuals in Chile in 1991, and 150,000 households in Switzerland in 1993. In Europe, in 1994, one person in five lived in housing provided through a member organization of the European Committee on Social Housing (CECODHAS);

these included, however, not only cooperatives, but mutual and other associations as well.

50. Housing cooperatives are important means whereby low-income households can afford adequate shelter in the inner cities of developed countries. For example, in the United States of America, the United Housing Foundation in New York sponsors 33,000 units of limited-equity cooperative housing for working families. The first such cooperative, Amalgamated Houses in the Bronx, was developed in 1927 with support from a largely immigrant women's trade union, the Amalgamated Clothing Workers of America. Of particular significance has been support for women's needs for secure and supportive neighbourhoods. For example, the Cooperative Housing Foundation in Canada has supported the spread of initiatives taken by a number of housing cooperatives to declare themselves "domestic violence free zones". Numerous housing cooperatives provide home care and health services to the elderly and to persons with disabilities, and help the integration of immigrants and other minorities. They have had a major impact on the situation of migrants from rural areas who have come to major cities.

51. Housing cooperatives play a major role in many developing countries, particularly in helping informal sector households to obtain access to land and to key material and equipment, prerequisites for the application of their own labour and capital. Members of the SEWA Bank in India benefit from their Bank's insistence that, since housing loans are in the name of a woman member, the house itself should be in her name. Housing cooperatives have an important role in the transitional economies; for example in the former Czechoslovakia, in 1991, there were 1.5 million cooperative apartments. Transformation into genuine cooperatives has proved to be an acceptable means of privatization, although still constrained by legal and financial considerations.

52. Considerable international technical and financial assistance is provided by the housing cooperative movement in developed countries; for example, for 44 years, the United States Cooperative Housing Foundation has supported projects in 90 countries, and is currently active in 30, including major projects in South Africa and Poland. CECODHAS and ICA Housing work energetically in support of housing cooperatives in the transitional economies.

V. COOPERATIVES AND FOOD SECURITY

A. Food production

53. Cooperative enterprise has a major role in food production. In 1993-1994, in 47 countries, 180 million persons were members of 330,000 agricultural cooperatives. About half their total turnover, equivalent to US$ 455 billion, was achieved in Europe, about a quarter in Asia and in North America and Latin America combined. The total turnover in billions of United States dollars in individual countries was 89 in Japan (1993), 83 in the United States (1993), 75 in France (1994) and 51 in Germany (1994). Percentages of total national agricultural production for which agricultural cooperatives were responsible were: 80 in Israel in 1994; 67 in the Czech Republic in 1994; 40 in Canada in 1992; and 30 in France in 1994.

54. Fisheries cooperatives continued to play an important role in food production in both developed and developing market economics. In Japan, the 350,000 members of such cooperatives were responsible for 97 per cent of total fisheries production and 90 per cent of output marketed. In India, in 1995, 956,000 persons were members of fishery cooperatives. In Nicaragua, small-scale fisheries cooperatives accounted for 60 per cent of fishery exports, valued at almost US$ 40 million.

55. In many developing market economies, cooperative membership is high; for example, in Côte d'Ivoire, 827,000 small farmers are members. In Nicaragua, 78 per cent of maize and 59 per cent of beans are cooperatively marketed; in Brazil, shares are high for wheat (64), pigs (52), cotton (39) and soya beans (30). In transitional economies, new cooperatively organized enterprise still contributes a significant share of food production, and appears to have become a permanent actor within national economies. For example, in the Czech Republic in 1994, new agricultural cooperatives operated on 47 per cent of cultivated land and were responsible for 67 per cent of national agricultural production.

56. Cooperatives support rural societies in many other areas, including savings and credit; banks and insurance; electricity, telephone, heating, water and sanitation, health and social care; and community development. They make available the essential services, facilities and amenities without which even commercial success would not retain the population.

57. Technical assistance within the cooperative movement is particularly well developed in agriculture and fisheries. The Japanese agricultural movement, in 1974, set up an Institute for the Development of Agricultural Cooperatives in Asia (IDACA), which now provides training jointly with the ICA regional office, partly funded by the Government of Japan. ICA and its regional offices have collaborated closely with FAO and ILO in a large number of projects designed to promote and support rural cooperative enterprises and their representative organizations, including human resources development, often addressing in particular women farmers. IFAP operates a Worldwide Action for Strengthening Farmers' Organizations.

B. Food distribution

58. Cooperative wholesale and retail enterprises provide affordable and appropriate foodstuffs, as well as the household equipment and information needed to ensure their consumption at maximum nutritional value, to members and their families, and, in many countries, to the general public in the areas in which they operate. For consumers in general, the cooperative movement has promoted beneficial marketing innovations, such as unit pricing and nutritional labelling. It has contributed significantly to consumer awareness and education.

59. EURO-COOP was assigned formal responsibility by the European Union for drafting its directives on foodstuffs, and lobbied successfully to have a consumer protection section included in the Treaty of the European Union. The

movement has been able to break monopolies and cartels, thereby reducing prices and rationalizing production and distribution.

60. Dimensions in European developed market economies are considerable. In 1994, members of EURO-COOP had 21,367,000 household members. In some countries, retail cooperatives account for large shares of the retail food market: in Switzerland, more than half; in Denmark, between 30 and 35 per cent; in Finland, 30 per cent; in Norway, 25 per cent. Consumer-owned retail cooperatives collaborate directly with producer cooperatives, and have set up international business federations: for example, NAF, in the Nordic countries, and INTER-COOP (the International Organization for Consumer Cooperative Distributive Trade), an ICA specialized organization. These increase member influence in the market by joint purchasing, use of common facilities and services and promotion of trade between members.

61. In most developing countries, such cooperatives have not achieved the national dimensions they have in developed countries. However, they are important locally, often as part of the services offered by community development and other multi-functional cooperatives. In Singapore, trade unions have set up cooperative supermarket chains.

62. In the transitional economies, most foodstuffs were formerly distributed to consumers through systems termed "cooperative", although in fact they were parastatal agencies. In some countries these still function as the principal, if not the only, means for distribution. Elsewhere, they have been transformed into smaller but still significant genuine cooperative distribution systems. In some cases, as in Belarus, they have set up associated processing and marketing cooperatives among independent producers in order to ensure reliable supplies. ICA and other cooperative organizations provide technical assistance programmes designed to promote new retail cooperatives and to restructure and modernize former "parastatal" systems.

C. Preparations for the World Food Summit

63. The international cooperative movement recognizes its responsibilities and potential with respect to world food security. At the ICA Centennial Congress, held at Manchester, United Kingdom in September 1995, member organizations, by adopting the Cooperative Agenda 21, committed themselves to assure food security while promoting sustainable agricultural development.

64. At the World Farmers' Congress, held at Versailles, France in April 1996 on the occasion of its fiftieth anniversary, IFAP adopted a Farmers' Strategy for Agricultural Development and World Food Security. This policy statement, intended as a contribution by the world's farmers to the World Food Summit, emphasized that in order to increase food production while at the same time assuring sustainable relationships with the natural environment and maintaining stable rural societies, farmers acting through their own organizations needed to take a central role. Full and formal recognition needed to be accorded farmers' representative organizations and organizations of farmer-owned cooperatives.

VI. COOPERATIVES AND THE GOAL OF ERADICATING POVERTY

65. The cooperative sector is able to make a major contribution to the achievement of the goals of the International Year (1996) and United Nations Decade (1997-2006) for the Eradication of Poverty. By establishing their own cooperatively organized enterprises, the most diverse groups of individuals afflicted by poverty, or at high risk of becoming poor, have succeeded throughout the past 150 years and in almost all countries to alleviate and then to escape from poverty.

66. The capacity of the cooperative movement for creating viable and sustainable enterprises secures productive employment and self-employment, the generation of income and the payment of adequate wages and salaries. Financial cooperatives provide the means for escaping from indebtedness and for effective financial management. Their provision of insurance and services for health and social care, as well as affordable and appropriate housing, and their contribution to food security are clearly major contributions to the alleviation of poverty.

67. A significant proportion of the world's poor continue to be small-scale, resource-poor farmers and other rural entrepreneurs in developing countries. In the absence of improvement in their productivity, and the provision of opportunities for marketing with fair returns, their condition is unlikely to improve, and problems of unemployment, underemployment, excessive migration, poverty and social disintegration will not disappear, while food security will be even further from achievement. Only by means of a people-centred, participatory approach will effective transformation of the rural sector occur; cooperative enterprise is one of the most efficient organizational vehicles for such transformation in developing regions - as it has been in the past when similar conditions existed in the rural economies of currently developed countries. Individuals and communities also empower themselves to escape from or to avoid poverty by setting up cooperatively organized enterprises in the supply of utilities, transportation, household equipment and clothing. The strategies adopted at the three recent international conferences clearly recognized the important role of cooperative enterprise in revitalizing rural economies.

68. Because of the combination of very large membership and economic weight, cooperative movements are often able to lobby successfully against macroeconomic processes that create poverty and constrain its solution, as well as for legislation protective of small- and medium-sized enterprises, workers and consumers. They form the economic base whereby people's organizations such as trade unions and women's organizations, which themselves seek to eradicate poverty, gain the economic weight to make their views heard. Only by these means are the poor able to exert some influence on national policies relevant to their condition.

VII. OTHER ACTIVITIES IN SUPPORT OF COOPERATIVES

A. International Day of Cooperatives

69. Observation on the first Saturday of July 1995 of the seventy-third in a series of International Cooperative Days organized by the International Cooperative Alliance was enhanced by the complementary observance for the first time of the United Nations International Day of Cooperatives, proclaimed by the General Assembly in its resolution 47/90 of 16 December 1992. Observance took place with the participation of ministers and representatives of the United Nations, and in some cases Heads of State or Government. In Argentina, the Commission for the Economy and Regional Development of the House of Deputies held a special session, at which it established a Subcommittee on Cooperative Affairs. The Higher Institute of Agricultural Cooperation in Cairo held a seminar devoted to improving collaboration between Egyptian cooperatives, ICA and the United Nations. Events were widely covered by national and cooperative media.

70. The theme chosen by ICA and the United Nations for joint observance on 6 July 1996 of the seventy-fourth International Cooperative Day and the second United Nations International Day of Cooperatives was "Cooperative enterprise - empowerment for people-centred sustainable development". It was designed to promote better understanding of the unique capacity of cooperatively organized enterprises to create productive employment, eradicate poverty and enhance social integration. It was intended thereby to contribute to the programme of the International Year for the Eradication of Poverty, 1996.

B. Consideration by Governments of the potential of cooperatives to contribute to problem solving

71. The recognition by Governments of the special character of the cooperative movement and the desirability of a successful partnership between it and the public sector is clearly evidenced within the commitments made and strategies adopted at recent major international conferences. This position has been reiterated at regional conferences organized by ICA of ministers responsible for policy in respect of cooperatives. Partnerships have continued to develop, for example, in the promotion and support of enterprises in poor or isolated rural regions, old industrial regions and inner cities. They have included transfer of housing, health and social care programmes.

C. Review of legal and administrative constraints

72. Significant changes in relationships between citizens, their organizations including cooperatives, and the State have continued. At the same time, cooperative enterprise is having to make major adjustments in order to remain competitive. Consequently, in many countries, substantially changed legal systems, and, in some, entirely new ones, are required if cooperatives are to fulfil their potential for resolving societal problems.

73. Recent conferences have recognized the importance of appropriate legal environments. 5/ Many desirable changes have been effected already. In central and eastern Europe, revision of cooperative legislation has been largely completed, although certain anomalies persist. The legal environment for credit unions has improved. In 1994, WOCCU published a Content Guide for Laws Governing Credit Unions, as an aid to legislators, regulators and credit union leaders in preparing and seeking approval of laws that would strengthen the safety and soundness of credit unions. ICA has set up a legislative task force to respond to requests for advice and assistance. ILO has continued its technical support for legislative reform. In May 1995, it held a Meeting of Experts on Cooperative Law.

D. Improvement of statistics and dissemination of information

74. The current situation is similar to that of other issues of policy interest that have passed progressively from growth of awareness and interest, to realization that improved statistics are essential, to initial steps to achieve this, and then to gradual integration of the issue in regular procedures for collection, evaluation, analysis and dissemination of statistical information. In most countries, the initial phases of review of available data and design of pilot studies have been reached.

75. In Germany, as well as in a number of other countries, the movement is already publishing regular annual series. Elsewhere, occasional surveys are published; for example, in 1994, the United States National Cooperative Bank published a popular survey of cooperative enterprise. One of the three regional apex organizations of cooperatives in Latin America, the Organization of Cooperatives of America (Organización de las Cooperativas de America (OCA)) published in 1995 a comprehensive review of existing statistics, which were found to be inadequate in most countries.

76. WOCCU has developed a monitoring and evaluation system for credit unions in Africa and Latin America and has supported studies in Guatemala (1992-1993) and the Niger (1995) of the total impact of credit union activity within national financial markets. The Coopérative federée de Québec reviewed, evaluated and analysed available statistics on agricultural cooperatives throughout the world. These were found to exist in 47 countries, in 24 of which substantial data was available.

77. Comprehensive surveys of the cooperative sector are carried out regularly by some governmental departments responsible for policy with respect to cooperatives, such as in Canada and Chile. FAO has continued to support the improvement of statistics on agricultural cooperatives in Latin America in collaboration with regional cooperative movements and Governments, notably in Colombia and Panama.

E. Consideration by international conferences

78. Member States represented at the World Summit for Social Development, the Fourth World Conference on Women, and the United Nations Conference on Human

Settlements (Habitat II) responded to the General Assembly's invitation to give due consideration, in formulating respective strategies and actions, to the role and contribution of cooperatives. For example, they acknowledged the important role of the cooperative sector and included numerous references to cooperative enterprises in the commitments made and strategies adopted. In the Copenhagen Declaration on Social Development Heads of State and Government committed themselves to "utilize and develop fully the potential and contribution of cooperatives for the attainment of social development goals, in particular the eradication of poverty, the generation of full and productive employment, and the enhancement of social integration". 6/ In principle VII, adopted by Habitat II, Member States included the "cooperative sector" among the actors among whom partnerships were essential for the achievement of sustainable human settlements. 7/

Notes

1/ The following members of the Committee for the Promotion and Advancement of Cooperatives contributed to the present report: International Labour Organization, Food and Agriculture Organization of the United Nations, International Cooperative Alliance, International Federation of Agricultural Producers, World Council of Credit Unions, and International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations. The International Cooperative and Mutual Insurance Federation also contributed.

2/ See Report of the World Summit for Social Development, Copenhagen, 6-12 March 1995 (A/CONF.166/9), chap. I, resolution 1, annex II, paras. 31, 34, 88 and 91.

3/ See Report of the Fourth World Conference on Women, Beijing 4-15 September 1995 (A/CONF.177/20 and Add.1), chap. I, resolution 1, annex II, paras. 58 (n), 166 (c) and (f), 175 (a) and (c), and 176 (d) and (e).

4/ See notes 2 and 3; see also, Report of the United Nations Conference on Human Settlements (Habitat II), Istanbul, 3-14 June 1996 (A/CONF.165/14), chap. I, resolution 1, annex II, paras. 82 (a), (c), (d), (e) and (g), 158, 159 and 204 (f) and (q).

5/ See Report of the World Summit for Social Development ..., para. 51 (e); see also, Report of the United Nations Conference on Human Settlements ..., para. 78.

6/ Report of the World Summit for Social Development ..., commitment 9, para. (h).

7/ See Report of the United Nations Conference on Human Settlements ..., para. 33.

ANNEX

Statement on Cooperative Identity

At its Centennial Congress, held at Manchester, United Kingdom of Great Britain and Northern Ireland, in September 1995, the International Cooperative Alliance adopted a Statement on Cooperative Identity, which included a revised set of principles intended to guide cooperative organizations throughout the world at the beginning of the twenty-first century. The Statement was based on a philosophical perspective consisting of a fundamental respect for all human beings and a belief in their capacity to improve themselves economically and socially through mutual self-help. The cooperative movement believes that democratic procedures applied to economic activities are feasible, desirable and efficient, and that democratically elected economic organizations make a contribution to the common good.

Definition

A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

Values

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Principles

The cooperative principles are guidelines by which cooperatives put their values into practice.

Principle 1. Voluntary and open membership. Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

Principle 2. Democratic member control. Cooperatives are democratic organizations controlled by their members, who participate actively in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives, members have equal voting rights (one member, one vote) and cooperatives at other levels are also organized in a democratic manner.

Principle 3. Members' economic participation. Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

Principle 4. Autonomy and independence. Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including Governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

Principle 5. Education, training and information. Cooperatives provide education and training for their members, elected representatives, managers and employees so that they can contribute effectively to the development of their cooperatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of cooperation.

Principle 6. Cooperation among cooperatives. Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

Principle 7. Concern for the community. Cooperatives work for the sustainable development of their communities through policies approved by their members.